

Message Text

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ACTION EB-08

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UNCLAS ABU DHABI 1722

E O. 11652C NA
TAGS: BENC, BEXP, ENRG, TC
SUBJ: UPPER ZAKUM OILFIELD DEVELOPMENTS IN ABU DHABI

1. UPPER ZAKUM IS A LARGE OIL BEARING STRUCTURE LYING ABOUT 75 KILOMETERS NORTHEAST OF ABU DHABI IN 30 METERS OF WATER. IT IS AN UPPER CRETACEOUS FIELD AT DEPTH OF 2000 METERS PLUS OVERLAYING THE LOWER ZAKUM FIELD, CURRENTLY ONE OF ABU DHABI'S LARGER PRODUCERS.

2. LITTLE TECHNICAL INFORMATION IS AVAILABLE ABOUT THE UPPER ZAKUM OILFIELD SO ENGINEERING PROBLEMS AND DEVELOPMENT COSTS THAT MAY BE INCURRED CAN ONLY BE ESTIMATED. NONETHELESS, ZADCO (THE ZAKUM DEVELOPMENT COMPANY) OWNED 88 PER CENT BY THE ABU DHABI NATIONAL OIL COMPANY (ADNOC) AND 12 PER CENT BY JAPAN OIL DEVELOPMENT COMPANY AND CO-MANAGED BY ADNOC AND CFP HAS BEGUN PREPARATIONS TO EXPLOIT THE FIELD.

3. UPPER ZAKUM OILFIELD DEVELOPMENT PLANS CALL FOR THE PRODUCTION OF UP TO 1.3 MBD OF CRUDE OIL EQUIVALENTS BY 1986. THE PROJECT HAS BEEN BROKEN DOWN INTO FOUR PHASES BY ADNOC AND ITS ADVISORS.

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4. PHASE ONE - OFFSHORE CENTRAL COMPLEX AND THREE SATELLITE STATIONS WILL BE USED FOR SEPARATION OF OIL AND NATURAL GAS FLOWING FROM DOLOMITIC LIMESTONES OF THE THAMMA B PRODUCTION STRATA. THESE FOUR PLATFORMS WILL SEND SWEET HIGH PRESSURE AND LOW PRESSURE GAS TO DAS ISLAND FOR FURTHER PROCESSING. CRUDE OIL WILL BE SENT TO ZIRKU ISLAND FOR PROCESSING EXPORT.

CENTRAL COMPLEX AND SATELLITES WILL INCLUDE SEPARATION, SWEETENING, AND COMPRESSION EQUIPMENT, AS WELL AS WATER INJECTION, AND CONTROL SYSTEMS. THIS CONTRACT HAS BEEN AWARDED TO THE AMMERON-SERETTE CONSR

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TIUM, AND AMERICAN AND FRENCH GROUP WITH SOME BRITISH INVOLVEMENT. AMMERION-SERETTE WILL DO DESIGN, PROCUREMENT AND CONSTRUCTION SUPERVISION.

5. PHASE TWO - APPROXIMATELY 125 WELL HEAD PRODUCTION PLATFORMS WILL COMPLETE PHASE TWO OF UPPER ZAKUM. PLATFORM DESIGN CONTRACT HAS NOT BEEN AWARDED. WE DO NOT KNOW WHICH COMPANIES ARE LIKELY TO BE SHORT LISTED FOR THIS PARTICULAR PHASE BUT WE KNOW THERE ARE SOME AMERICAN COMPANIES AMONG THE FINALISTS. CONTRACT WILL PROBABLY BE FOR DESIGN AND CONSTRUCTION SUPERVISION.

6. PHASE THREE - SUBMARINE PIPE FOR HYDROCARBONS AND WATER INJECTION SYSTEMS CONNECTING CENTRAL COMPLEX AND SATELLITES TO WELL HEAD PLATFORMS, DAS AND ZIRKU ISLANDS, AND POSSIBLY THE UMM AL SHAI F OILFIELD PRODUCTION FACILITIES. THIS CONTRACT HAS NOT BEEN AWARDED YET BUT WE UNDERSTAND THAT THE CREST ENGINEERING DIVISION OF COMBUSION ENGINEERING. TULSA OKLA., IS AMONG THE FINALISTS.

7. PHASE FOUR - THE ONSHORE INSTALLATIONS ON ZIRKU ISLAND, PART OF WHICH HAVE BEEN AWARDED OR SHORT LISTED; ADDITIONAL FACILITIES MAY BE ADDED AT A FUTURE DATE. THE ZIRKU INSTALLATIONS INCLUDED CRUDE OIL STABILIZATION, WORK CAMP, LIVING QUARTERS, AIRPORT, PORT AND TERMINAL FACILITIES, AND A PLANT TO HANDLE CONDENSATES. UNCLASSIFIED

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FOSTER WHEELER ITALIANA WILL PROBABLY BE AWARDED THE STABILIZING PLANT. FWI IS WORKING WITH OTH A FRENCH CORPORATION, WHICH HAS BEEN AWARDED THE CIVIL WORKS.

8. POST HAS CHECKED MOST OF THE FACTS AND NAMES USED IN PARAS 3-7 TO THE BEST OF OUR ABILITY. MOST OF THE COMPANIES WHO ARE REPORT ED TO HAVE WON VARIOUS PORTIONS OF THESE CONTRACTS HAVE VERIFIED RELEVANT FACTS TO EMBOFFS. POST UNDERSTANDS THAT ZADIO IS CURRENTLY BUDGETING US 4.8 BILLION DOLLS FOR UPPER ZAKUM. OUR PRELIMINARY ASSESSMENT IS THAT THESE PROJECT COSTS MAY WELL DOUBLE BEFORE COMPLETION IN THE MID 1980'S. THE PRESENCE OF H, SUB 2,S, HYDROGEN DISULFIDE, OR DISSOLVED HEAVY METALS, METALICS, COULD RAISE THE COST OFTHIS PROJECT BY 10 PER CENT. IF THE MARKET JUSTIFIES THE INVESTMENT, ZADCO MAY DECIDE TO ADD MAJOR LNG FACILITIES ON ZIRKU ISLAND AT SOME FUTURE DATE. DICKMAN

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